

COUNCIL AGENDA: 06-28-05

ITEM: 6.2

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: William F. Sherry, A.A.E.
James R. Helmer

SUBJECT: SEE BELOW

DATE: June 24, 2005

Approved

Date

6/24/05

Council District: Citywide

**SUBJECT: APPROVAL OF AWARD FOR ON-DEMAND DISPATCH SERVICES AT
MINETA SAN JOSE INTERNATIONAL AIRPORT**

REASON FOR ADDENDUM

Negotiations between the City and Taxi San Jose, Inc. continued beyond the submission date of the memo. This Supplemental Memo was prepared to update the current status, terms and content of the Agreement.

RECOMMENDATION

Approval of an agreement with Taxi San José, Inc. for on-demand ground transportation dispatching services at the Norman Y Mineta San José International Airport for the period of September 7, 2005 through September 30, 2007, with five one-year options to extend the term at the City's sole discretion for a total of up to seven years, in an amount not to exceed \$1,910,000 for the initial two-year term.

BACKGROUND

On May 24, 2005 City Council authorized the City Manager to negotiate an agreement with Taxi San José, Inc. for on-demand dispatching services at the Airport. The dispatching services would include the dispatching of taxicabs and commercial door-to-door shuttles, staffing of staging and loading areas, contacting companies contracted to provide services, monitor and report adherence to performance standards and provide facilities as proposed for staff and drivers. Staff was directed to return to Council by the June 28, 2005 Council meeting with a status update of the negotiations and to address concerns brought forth by Council. Additionally, staff was directed to negotiate the final contract with a deadline of the end of the Fiscal Year. If the deadline was not met staff would end negotiations with Taxi San José and open negotiations with ShuttlePort California LLC for the dispatching services.

As staff initiated negotiations with Taxi San Jose, and reviewed the implementation schedule, and also reviewed the broader industry wide transition issues required of the new taxicab service model, staff determined that an orderly transition would require an actual start date of September 7, 2005 as opposed to August 2005. The adjusted implementation date will provide adequate timeframes to ensure that new employee training, facility installation, and execution of taxicab company contracts and taxicab driver permits would be complete on the start date.

ANALYSIS

A City negotiating team that included members of the Airport Department, Department of Transportation, Finance Department, Police Department, the City Manager's Office, the City Attorney's Office and an Airport Commissioner was established and met with Taxi San José representatives as five times. Additionally, there were also several meetings and telephone conversations between smaller groups of the two parties to address specific issues.

Staff has gained additional confidence in the abilities of Taxi San José to perform the duties required of them within this agreement. Taxi San José has addressed the issues specified in the May 24 Council action and it is anticipated a final agreement will have been reached prior to the Council deadline of June 30, 2005.

The following paragraphs address the specific issues mentioned in the City Council memo and issues that were raised during discussion during the May 24th meeting:

Clarification with Taxi San José and its subcontractor, Bauer's Limousine Service, Inc. (Bauer's) regarding the large volume of dispatching services required in the contract

Taxi San José was provided with and committed they understand the volume of taxi and door-to-door shuttle activity that occurs at the Airport. Average daily taxi activity, by hour, was provided to ensure that the initial dispatching activities were properly planned.

Currently, Bauer's operates a "curbside greeter" program at San Francisco International Airport (SFO) for hotels in the area. The responsibilities of the SFO program are similar in nature to those of the dispatch services required in this contract. Specific duties include greeting and ensuring passengers are directed to the hotel shuttle of their choice. Bauer's services over 1 million passengers annually in this program.

Taxi San José will continue to refine their services and staffing through additional information they collect after start-up.

Impartiality towards all drivers and companies operating under the dispatching services

Taxi San José has addressed the impartiality issue from many directions to ensure a system that will not favor any specific driver, company or industry. They will provide an open reporting system that will be posted and available for all drivers and companies to see, so that any unusual activity towards any driver, company or industry can be easily observed. A basic policy is a "first

come, first served" policy, which will ensure that no preferential treatment is bestowed and issues with denial of short fare are eliminated. Bauer's is instituting a training program for their staff that will address the issue of preferential treatment and they will pursue discipline in accordance with its grievance procedures of any employee who shows preferential treatment.

Confirmation of a process to maintain longevity and direction of the organization

Taxi San José has addressed City staff concerns through changes in their By-laws, which allow for extended presence on their Board by members of the San José Convention and Visitor's Bureau and the South Bay Labor Council. These changes allow for a review, six months before the end of term, of each of the two Board positions to determine whether those positions should be extended for an additional year.

Members of the Board of Taxi San José have been deeply involved in the taxicab industry issues over the past few years. They are well aware of the importance of this dispatch service and its relationship to the service model being implemented. They have committed to ensure that their organization remains focused on this dispatch service and its success.

Contractual clarification of the day-to-day relationship between Bauer's, Taxi San José and the City

Taxi San José has a direct contractual relationship with the City and Taxi San José has contracted with Bauer's to perform all of the dispatching duties required by the Agreement. Any sub-contractor of Taxi San José, including Bauer's, is responsible through specification in the Agreement to uphold any and all requirements of the Agreement. Airport staff will be meeting with Bauer's staff at regularly scheduled and as needed meetings to ensure performance and service levels are met.

Clarification of customer service coverage if a change in dispatching services from Bauer's Limousine is required

Taxi San José has supplied a plan for coverage should a change in sub-contractors occur. While Taxi San José is confident they will not have to implement their plan, time frames have been established to minimize the interim coverage period prior to installation of another sub-contractor. It calls for immediate emergency coverage which would take over all responsibilities and funding of the service and the improvements provided by Bauer's. Taxi San José would put a process in place for a permanent replacement subcontractor and have that vendor in place within a maximum of 60 days of the departure of its previous subcontractor.

Specifics of plans for implementation of automation, facilities and driver amenities

Taxi San José has provided a schedule for implementation of the proposed facilities and automation. City staff is working closely with Bauer's staff as they complete and submit the plans through the planning process. The scheduled goal is to have all of their facilities operational prior to the September 7th start-up date.

Financial capabilities

Concerns regarding funding of Taxi San José's workers compensation insurance, facilities and staffing were raised during the City Council discussion on May 24th. Taxi San José has provided documentation from their insurance agent supporting the rates submitted for workers compensation insurance and has confirmed that their business model and budget allows for the installation and operation of the proposed facilities and automation. Additionally, they have committed that they will staff the service as necessary and that they fully understand the cost implications of their proposal.

Bauer's provides external staff to support and assist as needed. They have a local operations staff person based in San José and a dispatch center in San Francisco that can be drawn on for telephone services or Airport staff supply. Their local General Manager can also gain assistance from the Bauer's San Francisco training staff and his General Manager.

OUTCOMES

The outcome of this process is the implementation of the first step of the new taxi service model for the City at the Airport. The goal of this service and the new taxi service model is for customer service provided by the on-demand services at the Airport, especially the taxis and door-to-door shuttles, to be improved and monitored more closely. The companies and drivers of the services will have an opportunity, through clearly established procedures, to enhance their trip volumes in an impartial and open manner.

PUBLIC OUTREACH

The Request For Proposal (RFP) process was published for over two months on the DemandStar system for posting of RFPs used by the City's Purchasing Division. Notification of the RFP was also posted on the American Association of Airport Executives (AAAE) website. Additionally, notification letters were sent to all taxicab and door-to-door operators permitted in the City of San José.

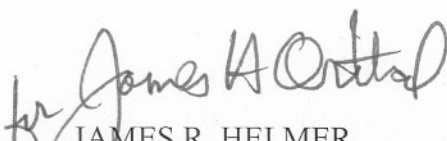
The RFP was discussed and input was requested at several Taxicab Advisory Team meetings and was discussed at Airport Commission Meetings. Comments received from other industry entities were addressed and incorporated in this memo.


COORDINATION

This memo has been coordinated with the Department of Transportation, Police Department, Finance Department, City Manager's Budget Office and the City Attorney's Office.

CEQA

Review and Sign: 67380 and 71431, PP 05-003


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